

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CU-02 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 AID-05 EB-07 IO-13 /096 W

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R 141013Z OCT 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 7176

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMCONSUL HONG KONG

CINCPAC

C O N F I D E N T I A L VIENTIANE 2500

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ECON PINS EGEN EFIN ALOW AFIN LA CH UR

SUBJECT: CONDITIONS IN LAO PROVINCIAL CITIES

SUMMARY: STUDENTS RETURNING TO VIENTIANE FROM PAKSE AND SAVANNAKHET AFTER SCHOOL VACATION REPORT ACTIVE MILITARY RESISTANCE TO THE NEW REGIME, ECONOMIC PROBLEMS, AND A DISGRUNTLED POPULATION IN THEIR HOME AREAS. A FOREIGN VISITOR TO SAVANNAKHET AND A LAO FAMILIAR WITH LUANG PRABANG OFFER SIMILAR COMMENTS. END SUMMARY.

1. A LAO STUDENT WHO RECENTLY RETURNED TO VIENTIANE FROM A VISIT TO PAKSE TOLD AN EMBASSY OFFICER THAT THERE ARE MORE LAO PEOPLE'S LIBERATION ARMY (LPLA) SOLDIERS IN PAKSE NOW THAN THERE WERE IN AUGUST, 1975. THE STUDENT BELIEVED THAT THE GOVERNMENT HAD STATIONED MORE SOLDIERS IN PAKSE BECAUSE OF REBEL ACTIVITY IN THE SOUTH OF LAOS.

2. THE STUDENT SAID THAT THE TOWNSPEOPLE RESENTED HAVING SO MANY SOLDIERS IN THEIR CITY BECAUSE THE SOLDIERS SPEND LIBERATION

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KIP FREELY WHICH INFLATES MARKET PRICES. IN CONTRAST THE TOWNS-

PEOPLE HAVE FEW NEW LIBERATION KIP NOTES, BECAUSE THE LPDR DID NOT EXCHANGE MANY FOR OLD VIENTIANE KIP WHEN THE CURRENCY WAS CONVERTED LAST JUNE. LPLA SOLDIERS, WHOSE SALARIES WERE PAID IN LIBERATION KIP FOR YEARS AND WHO COULD SPEND THAT CURRENCY ON LITTLE BEFORE "LIBERATION", NOW HAVE AN ABUNDANCE OF CASH. LPLA PERSONNEL ARE ALSO OBTAINING MONEY BY SELLING GASOLINE ON THE BLACK MARKET.

3. THE STUDENT SAID THAT TRUCKS TRANSPORTING GOODS AND PASSENGERS FROM SAVANNAKHET TO PAKSE ARE OFTEN AMBUSHED BY REACTIONARY BANDS. AS A RESULT, GOODS WHICH HAVE TO BE BROUGHT INTO THE AREA ARE VERY EXPENSIVE. LOCALLY PRODUCED MEAT AND VEGETABLES, ON THE OTHER HAND, ARE VERY CHEAP. A KILO OF BEEF COSTS 300 KIP IN THE PAKSE MARKET, COMPARED TO THE GOVERNMENT SET PRICE OF 250 KIP AND THE VIENTIANE MARKET PRICE OF 1500 KIP.

4. ANOTHER STUDENT WHO RETURNED TO VIENTIANE FROM HIS HOME IN SAVANNAKHET ALSO COMMENTED ON REBEL ATTACKS ON LPLA SOLDIERS AND INTER-CITY TRUCKS. THE STUDENT TOLD EMBOFF THAT THE PEOPLE OF SAVANNAKHET ARE OPENLY UNHAPPY WITH THE NEW REGIME. PARTICULARLY DISGRUNTLED IS PRIME MINISTER KAYSONE PHOMVICHANE'S MOTHER, WHO COMPLAINS UNCEASINGLY ABOUT LPDR REGULATIONS. AT THE SAME TIME SHE CONTINUES TO PLAY CARDS, WHICH IS OUTLAWED BY THE LPDR.

5. FRENCH COMMERCIAL ATTACHE JEAN-PIERRE ROUZO MADE A TRIP TO SAVANNAKHET IN MID-SEPTEMBER TO INSPECT A FRENCH WATER WORKS PROJECT. ROUZO TOLD EMBOFF THAT THE OLD VIENTIANE KIP IS STILL WIDELY EXCHANGED THROUGHOUT SAVANNAKHET PROVINCE. WHEN ROUZO WENT TO SAVANNAKHET DURING THE WEEK OF MOURNING FOR MAO TSE-TUNG, HE OBSERVED TWENTY TIMES AS MANY PRC FLAGS ON DISPLAY AS LPDR FLAGS. FURTHERMORE, HE ATTENDED A DINNER WITH THE TOP CITY AND PROVINCE LEADERS WHO IMPRESSED HIM AS BEING ANTI-SOVIET AND SYMPATHETIC TO THE PRCE.

6. A STEWARD WITH LAO AVIATION WHO MAKES REGULAR TRIPS TO PROVINCIAL CITIES TOLD EMBOFF THAT LUANG PRABANG SEEMED EMPTY OF PEOPLE. HE REPORTED THAT THERE ARE A LOT OF VEGETABLES IN THE MARKET BUT ALMOST NO MEAT. THE STEWARD ALSO SAID

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THAT STUDENTS IN LUANG PRABANG ARE NOT ALLOWED TO COME TO VIENTIANE TO STUDY BECAUSE THE GOVERNMENT SUSPECTS THEY MAY ONLY WANT TO TRAVEL TO VIENTIANE IN ORDER TO FLEE TO THAILAND.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY OCCUPIED AREAS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976VIENTI02500
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760389-0443
From: VIENTIANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761050/aaaabrld.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2004 by RowellE0>; APPROVED <13 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONDITIONS IN LAO PROVINCIAL CITIES SUMMARY: STUDENTS RETURNING TO VIENTIANE FROM PAKSE AND SAVANNAKHET
AFTER SCHOOL VACATION REPORT ACTIVE MI
TAGS: ECON, PINS, EGEN, EFIN, ALOW, AFIN, LA, CH, UR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006